Weekly Economic Review

Alberta export values slump

Merchandise Trade

Selling more oil for less

Alberta international goods exports in February totaled $5.8 billion, the lowest level since June 2013, and 13% lower than the same month last year. The decrease was due to an 18.9% year-over-year (y/y) drop in energy product exports, as crude oil export prices fell 31% y/y (Chart 1). Though oil prices have declined sharply, exports of crude oil were up an impressive 23% from February 2014. Non-energy exports increased 6.3% from last year, led by consumer goods, industrial machinery and equipment, and forestry products.

Rigs Drilling

Drilling activity slows

The average number of rigs drilling for oil and gas in Alberta during March was just 99, down 65% from the same month last year. This was the lowest rig count for March since 1992. Only 19% of available rigs were active, the lowest March utilization rate since the 2009 recession, which saw a similar drop in rig activity. Through the first three months of 2015, rig counts were down 46%. Lower oil prices have caused rig activity to fall across North America, with the number of active rigs in March falling 59% y/y in Canada and 39% in the US.

Average Weekly Earnings

Strong start to 2015

In January, Average Weekly Earnings (AWE) were $1,171 in Alberta, an increase of 4.0% over January 2014 and 1.1% from the previous month. Earnings growth in the service sector (+4.1% y/y) edged out growth in the goods sector (+3.1% y/y). Service sector earnings were led by transportation and warehousing, which maintained strong growth moving into 2015, up 8.1% y/y. Goods sector earnings growth was driven by a 10.2% increase in manufacturing.

Canadian Real GDP

GDP dips in January

Canadian real GDP got off to a slow start this year, contracting by 0.1% in January. The downturn was caused by service sector output, which declined 0.3%, primarily due to wholesale and retail trade. Goods-production rose 0.3%, led by a 2.6% increase in oil and gas extraction. This was entirely due to non-conventional oil production, which jumped 9.4% after two months of decline, as oil sands facilities that were undergoing maintenance resumed production. There were substantial declines in conventional oil and gas extraction (-1.9%) and support activities for mining, and oil and gas (-2.0%).

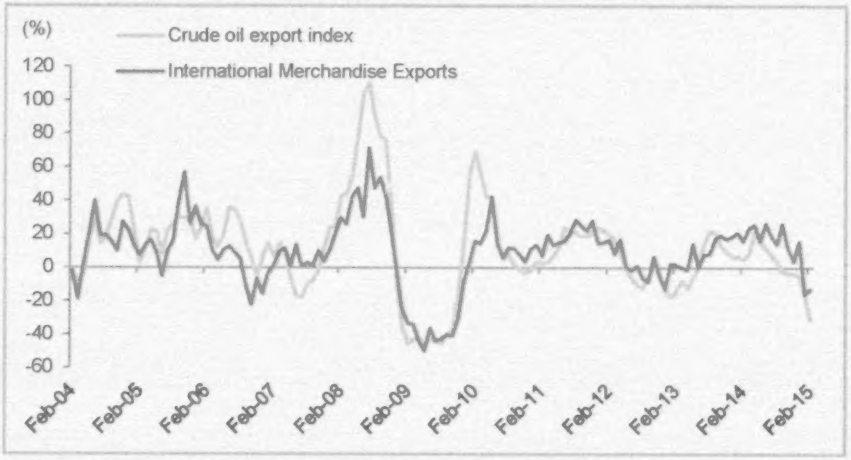
Industrial Product Price Index

Refined product prices up in February

The price petroleum manufacturers received for their products has moved up slightly in February. In the Prairie region, the price of gasoline increased 19% and the price of diesel increased 7.5%. Both, however, were down almost 30% from last year. Nationally, industrial product prices were down 1.6% y/y, due to a 25% decline in energy and petroleum product prices. Excluding energy, industrial prices rose 3.3% y/y.

Chart 1: Exports have declined due to lower energy prices

Year-over-year change in Alberta exports and crude oil export prices



Sources: Statistics Canada and Alberta Treasury Board and Finance

Contact

Nachum Gabler 780.638.3238

Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.